FUNDY REGION DEVELOPMENT COMMISSION INC.

Representing Rural Kings, Charlotte and St. John Counties

2001/2002

ANNUAL REPORT

April 1, 2001- March 31, 2002

103-02467/

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1.0 CHAIRMAN'S REPORT

This will probably be the last Chairman's Report for the entity named "Fundy Region Development Commission". As I write, the incorporation papers have been signed for two new Community Economic Development Agencies, one to serve Charlotte County and the other to serve rural Kings, Westmorland and Albert Counties. I would like to salute all of the community volunteers and employees of the entity know as the "Fundy Region Development Commission", who served our region so well, in the past four decades.

The role of community based economic development is an extremely important aspect of the market economy in the last half of the twentieth century. It will be indispensable in this new century as communities' deal with the shift in the knowledge based economy, the rapid transfer of capital between countries, and the emerging opportunities that exist as a result of globalization and international trade.

A little known fact to those not involved in economic development is that our economies need to run faster and faster just to stay in the same place. Let me explain this by asking you to reflect on the number of companies and businesses that stop their activities over a ten-year period. In our small communities, a family owned company might end because the owners decide to retire. In another case, technology may overcome and replace a once thriving business. Shifts in traffic patterns and other such characteristics result in a similar change. The community based economic plan looks at methods of building on our location, our natural resources, and our human resources to ensure that these are maximized to create and sustain a good quality of life and our communities.

In the end, the economic activity is a means to allow us to enjoy the benefits that the community and family life brings and to create a good life for our families now and in the future.

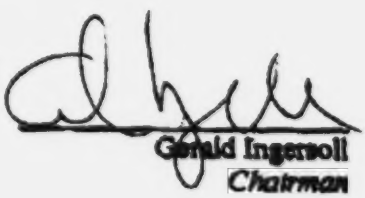
Continued....

This is something that anyone associated with the FRDC and our government partners at the three levels can take pride in over the past decades. We can drive past industrial parks, plants, businesses, sub-divisions, and homes and realize that a well-coordinated planning effort has created an advantage that sustains our communities and our high quality of life in Eastern Canada.

I wish to particularly thank our committees from the last year – FRDC East and West, and for the Executive and Regional Directors who made these two sub-committees effective. We have created a model that should help our community to transfer easily to the new Community Economic Development Agencies. In addition, the funding and support role played by the Federal and Provincial Governments have made the FRDC possible. The model of senior government funding directed locally to meet regional needs has added great value.

To the new Board who will take over the responsibilities of community economic development, thank you, in advance, for the effort and care that you will put into building and maintaining a strong economic base for our communities. To our staff, Senior Economic Development Officers Mike Rouse, Ken Watkins, Economic Development Officer Jennifer Kelly, Administrators Joan Davidson and Darlene Thompson, thank you very much for your contribution. As employees of the FRDC, I wish you every success in the new order of economic development in our regions. To the municipalities who have supported us, I wish you every continued success in working with your new economic development agencies and I look forward, as a community member, to support you when and where possible.

Best wishes to all in your successes.



Gerald Ingersoll
Chairman

2.0 BOARD OF DIRECTORS AND STAFF

Board of Directors (as of March 31, 2001)

Member Municipality	Directors	Occupation/Corporation
Sussex	Gary Fulton	Lawyer/Purnell &Fulton/ Barrister & Solicitor
Sussex	Tim Wilson *Vice Chairman*	Store Manager/ Fawcetts Do-it Center
St. George	Stan Smith	Quality Control Technician/ Jamer Materials Ltd.
St. Andrews	Judith Easley	Cultural Language Trainer/ Cross Cultural Training
St. Martins	C/o Ms. Sandra Roy	Village Clerk/ Village of St. Martins
Sussex Corner	Garth Long *Treasurer*	Financial Planner/ Regal Capital Planners Ltd.
Grand Manan	Robert Moses *Secretary*	Director Terminal Operations/ Coastal Transport Ltd.
St. Andrews	Peter Frye *Executive-at-Large*	President/ Bayside Stevedoring
St. Andrews	Gerald Ingersoll *Chairman*	Principal/ New Brunswick Community College - St. Andrews
Village of Norton	Oscar Boyd	Mayor/ Village of Norton, Retired School Teacher
Village of Blacks Harbour	Ken Hooper	Mayor/ Village of Blacks Harbour

EXECUTIVE OFFICERS

Gerald Ingersoll	Chairman
Tim Wilson	Vice Chairman
Robert Moses	Secretary
Garth Long	Treasurer
Peter Frye	Executive-at-Large

BOARD OF DIRECTORS/COMMITTEE MEETINGS

During the 2001-2002 fiscal year the following number, of meeting were held:

Four	Executive Committee	July, Aug, Jan. and Feb.
Three	Board of Directors	April, Oct. and March
Four	Fundy West Committee	July, Oct., Dec. and Jan.
Four	Fundy East Committee	May, July, Oct. and Dec.

COMMISSION STAFF/OPERATIONS

Michael Rouse, BBA, BEd, EcD.	Senior Economic Development Officer
Ken Watkins	Senior Economic Development Officer
Joan Davidson	Administration
Darlene Thompson	Contract Administrative Assistant
Jennifer Kelly	Contract Economic Development Officer

In addition to the full-time staff, the Commission received funding for 2 summer students under the Summer Career Placement Program. Christopher Gilmore from the Dalhousie University worked in the St. Andrews Office and the Sussex office shared the program with Angela Nixon from UNBSJ and Genevieve Martel from UQTR.

Fundy Region Development Commission received funding for a one-day workshop from Business New Brunswick to coordinate the first MLA's Economic Development Conference held on April 6, 2001. Also, funding was received from the Regional Development Corporation to help cover the cost of hosting the 2nd Annual Sussex MLA's Economic Conference held on March 18, 2002.

DIRECTORS "Through the Years" 1976 to 2002

Name		Served	
First	Last	To	
Garnet	Allen	1978	1980
Keith	Alward	1985	1995
Lee	April	1983	1987
Dr. Hugh	Baird	1980	1983
Stewart	Baker	1983	1987
Mary Lou	Barkhouse	1981	1985
J.Pat	Barry	1990	1991
William	Bartlett	1978	1989
Frank	Baxendale	1980	1981
Murray	Beesley	1990	1993
Roch	Boisvenue	1981	1983
Diane	Bormke	1985	1989
Oscar	Boyd	1999	2002
Dana	Brown	1995	1996
Ray	Bursey	1982	1989
William	Buxton	1983	1986
Gil	Carter	1981	2000
Lino	Celeste	1980	1983
Robert	Charlton	1980	1986
Derek	Chase	1984	1986
Ken	Chorley	1995	1998
Roy	Clermont	*1981	1985
Gordon	Cobham	1988	1990
Judy	Collins	1985	1987
Stephen	Cook	1980	1981
Alan	Craig	1986	1994
Stephen	Crawford	1990	1991
Pat	Darrah	1976	1987
Sam	Davis	1989	1990
J.P	deWinter	1976	1979
Fred	Dixon	1981	1983
David	Doyle	1995	1998
Frank	Duke	1977	1982
Herb	Duncan	1994	1998
Judith	Easley	2000	2002
Forbes	Elliot	1977	1993
John	Emmerson	1986	1989

Name		Served	
First	Last	To	
Douglas	Fifield	1983	1987
Cecil	Fletcher	1991	1995
Walter	Flewelling	*1986	1996
Stephen	Flynn	1996	1997
Lee	French	1993	1995
Peter	Frye	*1985	2002
Gary	Fulton	2000	2002
William	Gale	1988	1998
William	Garcelon	*1978	1987
Allan	Gillmor	*1984	1998
Dan	Gilmor	1980	1983
Joey	Green	1996	2000
Frank	Haley	1977	1980
Doug	Hall	1991	1993
Robert	Hanselpacker	*1979	1987
William	Holder	1977	1981
Ken	Hooper	*1991	2002
Jim	Hovey	1983	1994
Deanna	Hunter	1990	1993
Dorothy	Hyslop	1989	1993
Gerald	Ingersoll	1995	2002
Peter	Jollymore	1983	1987
Bob	Kane	1995	1997
Susan	Keirstead	1990	1993
Edward	Kelly	1984	1989
E.J	Kipping	1976	1979
Dennis	Knibb	*1980	1989
Walter	Kozak	*1983	1995
Ralph	Landers	1977	1979
Glen	Larsen	*1987	1997
Gerald	Lawson	1980	1981
Donald	Lee	1989	1993
Paul	Libby	1978	1980
Don	Logie	1980	1982
Garth	Long	1998	2002
Grace	Losier	1995	1998
James	MacMurray	1978	1980

Name		Served	
First	Last	To	
Don	MacQuarrie	1996	1997
David	Mahar	1990	1991
Frank	McCallum	1986	1989
Ian	McCaskill	1977	1980
Paul	McIlveen	1995	1997
Barb	McIntyre	1990	2000
Neil	McKelvey	1994	2000
Jon	McQueen	1989	1991
Sylvia	McVey	1995	1998
Vernon	Meating	1976	1980
Gordon	Mitchell	1984	1995
Robert	Moses	2000	2002
Peter	Murray	1986	1989
John	Norman	1980	1983
Richard	Oland	1977	1981
Tony	Rickett	1984	1987
William	Robertson	1998	2000
Reg	Robicheau	1976	1980
Sandra	Roy	1990	1993
Arie	Ruitenberg	1995	1998
Ed	Sadler	1976	1980
Dale	Sharp	1982	1984
Richard	Simms	1982	1983
Stan	Smith	1998	2002
Jack	Smith	*1981	1986
Donna	Spalding	1989	1991
Rolf	Spangenberg	1990	1993
Edward	Stephenson	1978	1981
Connie	Stewart	1993	1995
Brian	Tatton	1983	1987
Freeland	Tibbetts	1989	1993
Wallace	Turnbull	1983	1986
Elsie	Wayne	1990	1993
John	Whitters	1985	1987
Ralph	Williams	1988	1995
Edward	Williamson	1978	1983
Tim	Wilson	2000	2002

* Multiple Appointments

3.0 BUSINESS COUNSELLING

3.1 CLIENT CONTACT

During the past year, the Commission's staff assisted **466** clients at the offices in St. Andrews and Sussex, municipal offices and at the entrepreneurs' place of business.

These contacts include:

♦ Visits to Clients	118
♦ In Office Client Visits	199
Total	**317**

Assistance was also provided to an estimated **149** individuals by telephone, mail or e-mail.

3.2 CLIENT COUNSELLING

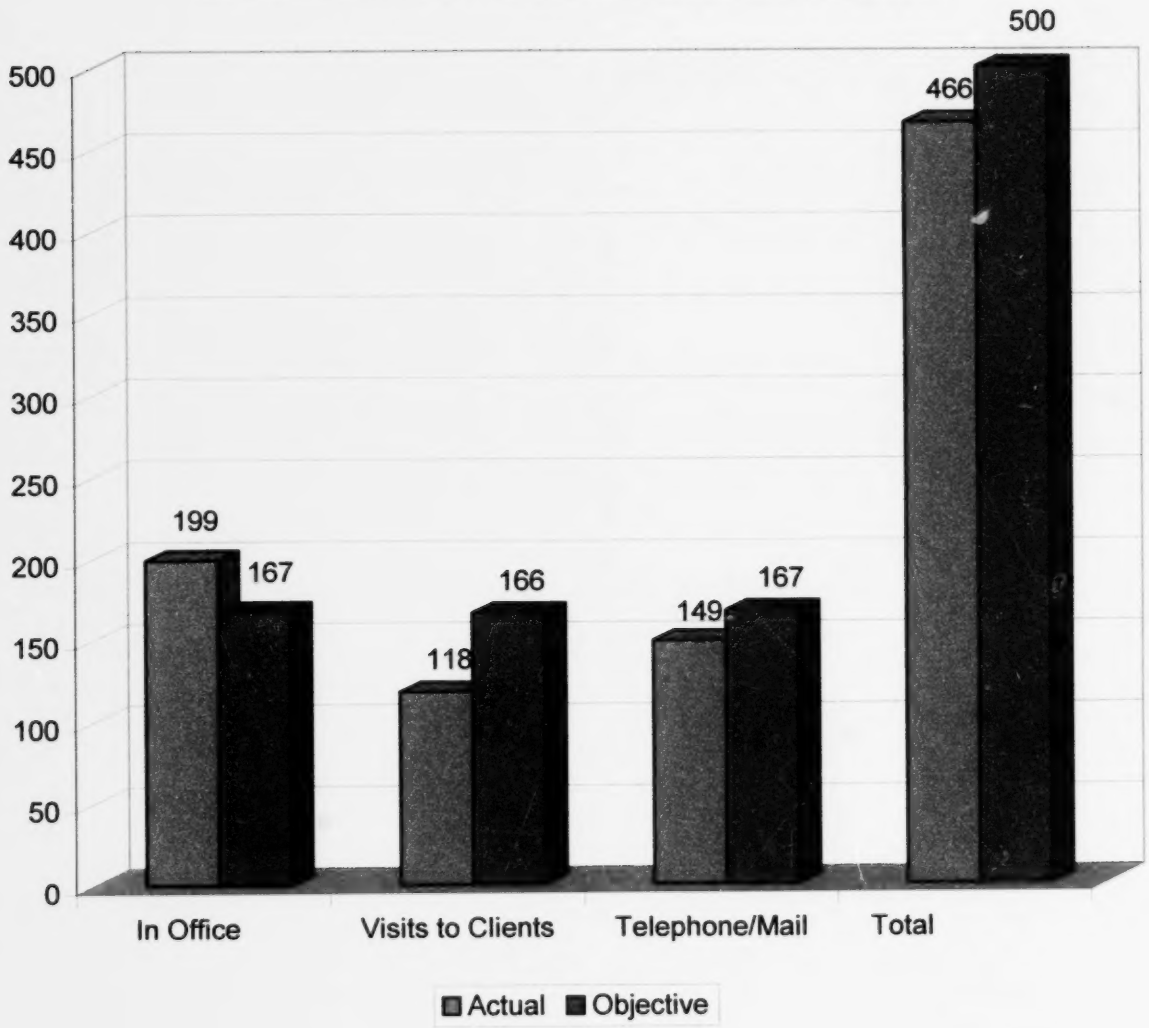
Commission staff continues to offer assistance, advice and guidance in the establishment of new businesses and to help existing businesses grow in order to foster economic development in all sectors of the economy.

The Commission also assisted with the preparation of business plans and advice regarding government assistance programs.

3.3 NEW BUSINESSES CREATED

With the assistance of the Commission's Economic Development Officers, **18** new businesses were established and **4** businesses expanded in the fiscal year 2001/02.

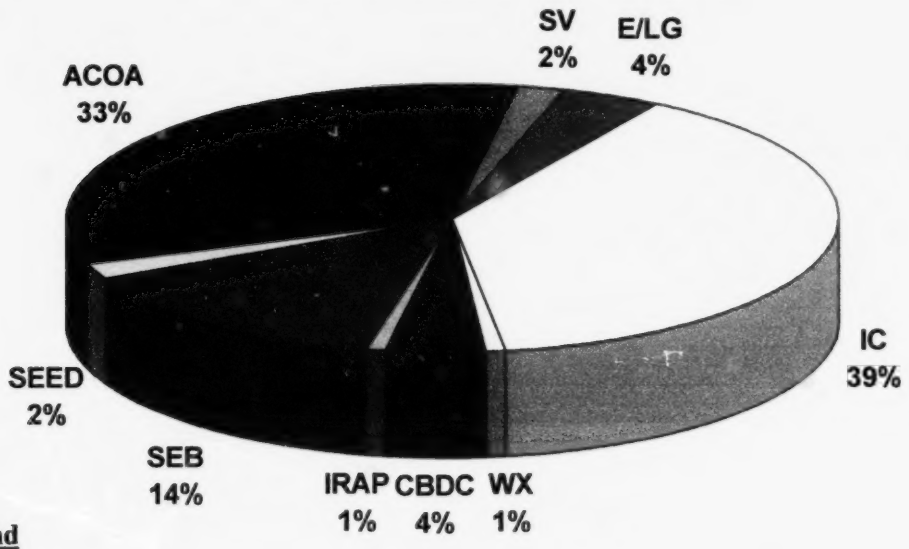
Client Counselling Session Contact - Fiscal Year 2001/02



ALLOCATION OF HUMAN RESOURCES

(A) CLIENT COUNSELLING

Percentage of Time Spent on Programs



Legend

IC - General Information and Counselling
SV - Student Venture(TED) Student Empl.&Experience Development
SEB - Self Employment Benefit (TED)
ACOA - Atlantic Canada Opportunity Agency - BDP Program
SEED - SEED Capital - CBDC/ACOA
E/LG - Entrepreneur Loan Guarantee (BNB)
WX - Workforce Expansion (TED)
IRAP - Industrial Research Assistance Program
CBDC - Community Business Development Corporation (Loan)

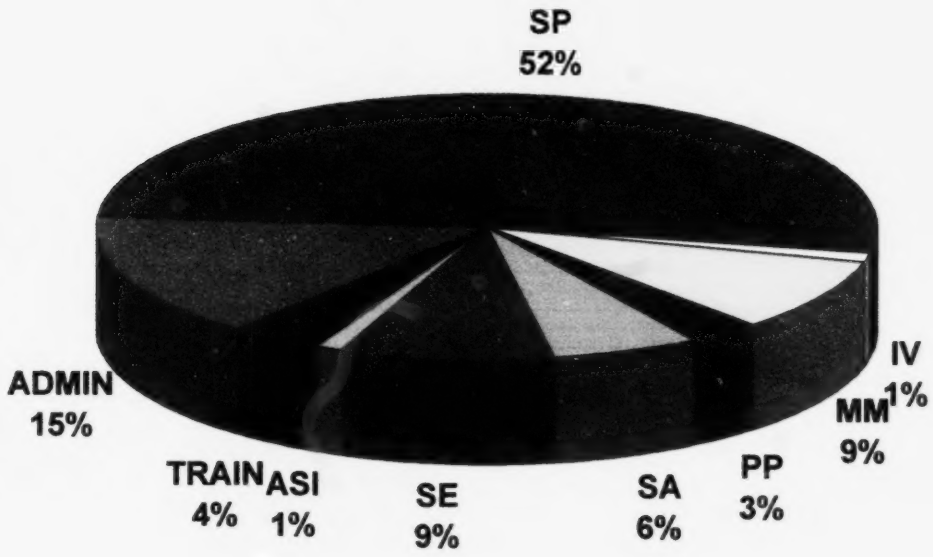
The majority of the time, of the Commissioins' Economic Development Officers with clients is spent on general information and counselling. This confirms the function of the FRDC as being the first point of contact for the regions' entrepreneurs.

Subsequent meetings are usually focused on a specific applicable government Assistance program(s) and/or may include other related economic development partners such as, the Department of Agriculture, Fisheries anc Aquaculture, Business New Brunswick, Department of Training and Employment Development, Business Development Bank, Charlotte County Development Corporation Inc., Research and Productivity Council, and many others.

ALLOCATION OF HUMAN RESOURCES

(B) NON-CLIENT COUNSELLING

Percentage of Time Spent on Non-Client Counselling Activitites



Legend

SP - Special Projects
SE - Special Events
SA - Seminar & Conference Attended
PP - Presentation and Promotion
MM - Membership Meetings
IV - Incoming Visitors (Foreign investment)
ASI - Adjustment Service Initiative (TED)
TRAIN- Staff Training
ADMIN- Administration/Board Meetings

The Commission staff promotes economic develpment in many other ways besides direct client business counselling. This chart demonstrates some of the regional economic development activities, the Commission participates in.

4.0 PROGRAM ACTIVITY AND APPROVALS

4.1 TOTAL PROGRAM ACTIVITY

Program	Actual	Total Value of Assistance
ACOA - Business Program	12	$1,478,137
SEB- Self Employment Benefit	6	$ 58,750
Student Venture (TED) S.E.E.D. Student Employment & Experience Development	2	$ 6,000
E/LG Entrepreneur Loan Guarantee	10	$ 100,000
TOTAL	**30**	**$1,642,887**

4.2 PROGRAM APPROVALS

The Fundy Region's business community received financial assistance through government programs to establish new businesses or for expansion of existing businesses. The following is a breakdown of funding by county, as well as a list of companies, which received the funding:

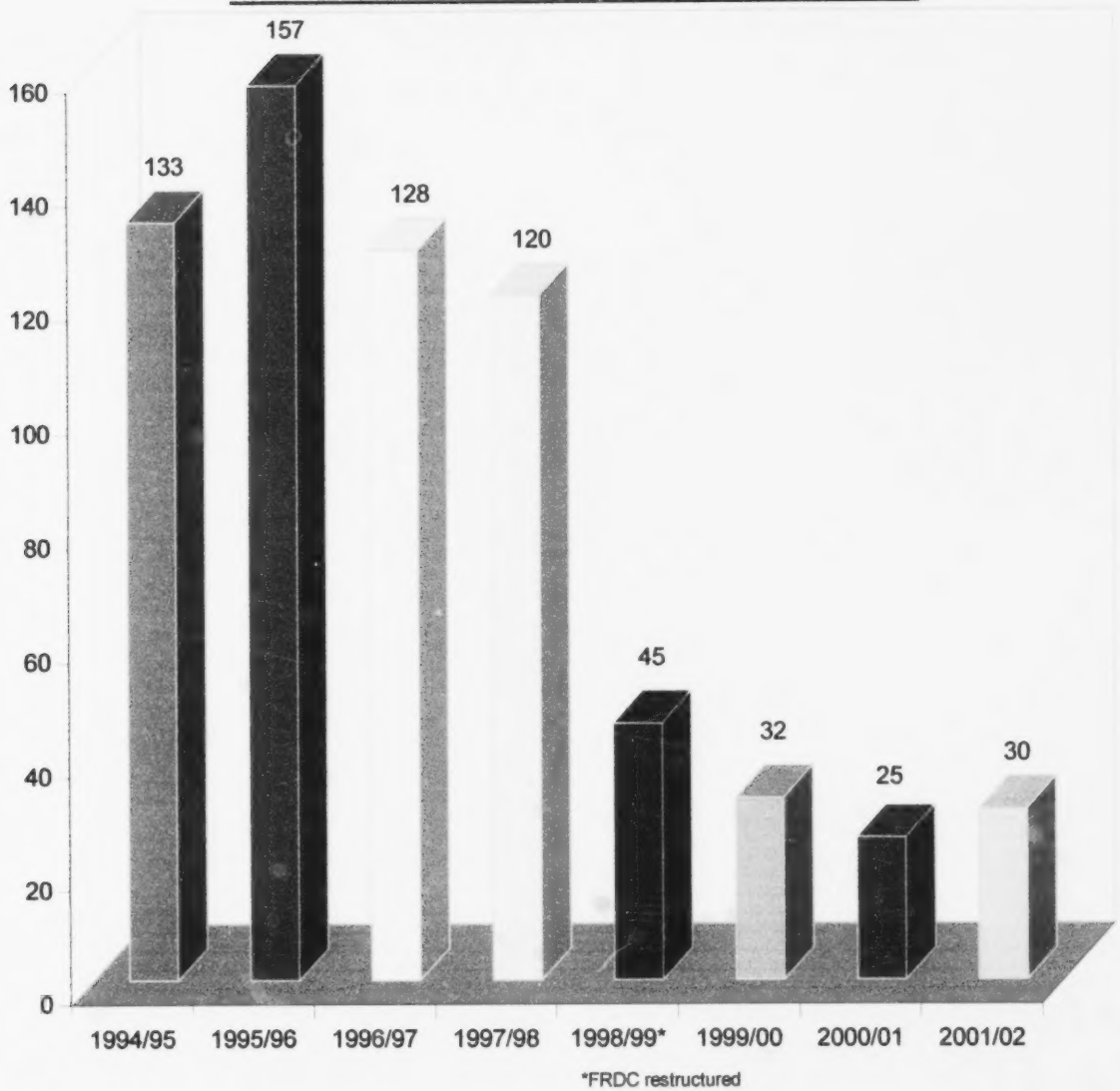
County	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Financial Assistance Received
St. John County	------	------	------	------	**N/A**
Kings County	106,614	137,000	30,000	43,827	**$317,441**
Charlotte County	52,864	94,407	1,050,175	128,000	**$1,325,446**
Total Funding	**$159,478**	**$231,407**	**$1,080,175**	**$171,827**	**$1,642,887**

PROGRAM SUMMARY - APRIL 1, 2000 - MARCH 31, 2001 KINGS COUNTY				
	Applicant	**Location**	**Program**	**Amount**
1.	Sussex Property Maintenance	Kings County	SEB	11,250
2.	G & D Hardwood and Kindling	Kings County	SEB	9,750
3.	Custom Dried	Kings County	SEB	7,750
4.	Custom Dried	Kings County	Entrepreneur	10,000
5.	Sussex Property Maintenance	Kings County	Entrepreneur	10,000
6.	G & D Hardwood and Kindling	Kings County	Entrepreneur	10,000
7.	Beckett's Student Asphalt Sealing	Kings County	S.E.E.D.	3,000
8.	Brent Rourke Cabinetmaker	Kings County	ACOA	5,000
9.	Process Equipment R.M.I.	Kings County	Entrepreneur	10,000
10.	Process Equipment R.M.I.	Kings County	SEB	10,000
11.	The Wonder Years Childcare	Kings County	SEB	10,000
12.	T. A. Raymond Environmental Serv.	Kings County	ACOA	107,000
13.	First Time Driver Education	Kings County	SEB	10,000
14.	First Time Drive Education	Kings County	Entrepreneur	10,000
15.	The Wonder Years	Kings County	Entrepreneur	10,000
16.	Colonial Fence	Kings County	ACOA	43,827
17.	Fundy Region Development Comm.	King County	ACOA	39,864
TOTAL FOR KINGS COUNTY				**$317,441**

PROGRAM SUMMARY – APRIL 1, 2000 - MARCH 31, 2001 ST. JOHN COUNTY				
	Applicant	**Location**	**Program**	**Amount**
1.				NIL
TOTAL FOR ST. JOHN COUNTY				**N/A**

PROGRAM SUMMARY – APRIL 1, 2000 - MARCH 31, 2001 CHARLOTTE COUNTY				
	Applicant	**Location**	**Program**	**Amount**
1.	Fundy Region Development Comm.	Charlotte County	ACOA	10,000
2.	Fundy Region Development Comm.	Charlotte County	ACOA	39,864
3.	Chris Works	Charlotte County	S.E.E.D.	3,000
4.	Classic Woodworking	Charlotte County	ACOA	47,500
5.	Piskahegan River Company Inc.	Charlotte County	ACOA	6,907
6.	East Coast Home Consultants	Charlotte County	Entrepreneur	10,000
7.	Share Kare	Charlotte County	Entrepreneur	10,000
8.	Sutherland/s Wood Distributors	Charlotte County	Entrepreneur	10,000
9.	Tim's Second Hand Store Repair Shop	Charlotte County	Entrepreneur	10,000
10.	The Card Group Ltd.	Charlotte County	ACOA	177,775
11.	Town of St. Andrews	Charlotte County	ACOA	60,000
12.	Virtual-Agent Services	Charlotte County	ACOA	300,000
13.	515559 N.B. Ltd.	Charlotte County	ACOA	350,000
14.	Randy Losier	Charlotte County	ACOA	162,400
15.	Pennfield Logging Ltd.	Charlotte County	ACOA	128,000
TOTAL FOR CHARLOTTE COUNTY				**$1,325,446**

New Business Starts and Expansions With FRDC Assistance



5.0 SPECIAL PROJECTS AND EVENTS

During the year, staff and board members participated in a number of special projects and special events. Following are outlined descriptive topics of greatest emphasis.

5.1 SPECIAL PROJECTS

Charlotte County Community Profile

During the first seven months of the year, the Fundy Region Development Commission developed "Experience Charlotte County, New Brunswick", the county's first community profile. The document was designed to assist with the attractions of new businesses, employees, residents and tourist. This project was developed in partnership with the Department of Human Resource Development Canada, which provided much of the project funding, as well as, support to hire a summer student. Chris Gilmore, of Dalhousie University (Masters Program-Development Economics) and Lepreau, NB, was responsible for the preparation of the profile. Mr. Gilmore worked closely with design company, Image Express, of St. George. Two thousand copies of the profile were printed and over 1900 have been distributed to local municipalities, business organizations, businesses, and government partners.

Business Management Workshops

The Fundy Region Development Commission organized 13 workshops and drew 144 participants from the Charlotte County business community. In partnership with the Charlotte County Community Business Development Center the Commission worked with the New Brunswick Training Group and its ACOA sponsored program ProfitLearn. Feedback from the workshops was positive and planning will soon be underway for the 2002-2003 year.

The commission sponsored and organized 2 seminar/workshops to present management training opportunities for existing and future SME in the Kings County area. The ProfitLearn sessions on Bookkeeping Made Easy and Do-it-yourself Marketing & Promotion drew a total of 28 participants.

Establishment of Virtual Agent Services

Fundy Region Development Commission staff assisted on the selection of 2 sites for Virtual Agent Services call center. The first site was established in August in St. Andrews. The Fundy Region Development Commission - St. Andrews office assisted by placing advertisements for the call center jobs and by receiving resumes. Assistance from staff was given in December and January during which a 2nd site was established in St. George. Major partners in the establishment of these two locations were HRDC-St. Stephen and Business New Brunswick.

How to Start a Business Seminar

In partnership with the Charlotte County Community Business Development Center the Commission hosted 2 seminars each in St. George, St. Andrews and St. Stephen. Approximately 49 people attended these seminars.

Starting Your Own Business Seminars

For Kings and St. John County, a comprehensive step-by-step seminar to introduce potential entrepreneurs to the process of starting their own business has been developed and was presented in 3 sessions during the year. A total of 64 persons attended the sessions. The program is principally presented by the EDO, in partnership with the Community Business Development Corporation's Loan Development Officer.

Charlotte County Strategic Plan Adjustment Committee

During the fall of 2001, the Fundy Region Development Commission chairman, the local board members and Senior Economic Development Officer along with the Strategic Plan facilitator, Skip Cormier made presentations to the town and village councils of the 5 municipalities in Charlotte County. These presentations were made at council sessions in St. Andrews, St. George, Grand Manan, Blacks Harbour and St. Stephen. The councils were presented with the draft Strategic Plan and were given an opportunity to provide input.

This project is an initiative of and has been coordinated by the Fundy Region Development Commission in partnership with Business New Brunswick, Training and Employment Development, ACOA and the 5 Charlotte County Municipalities. The committee met with representatives from the business community in May and July of 2001. During these meetings much input and feedback was received. It is anticipated that all five municipal councils will adopt the Strategic Plan, during the first quarter of the 2002-2003 year.

Charlotte County Aquaculture and Fish Processors Adjustment Committee

The Fundy Region Development Commission coordinated the activities of the Aquaculture adjustment committee for 2001 – 2002. The committee funded by Training and Employment Development and industry, has worked to strengthen human resources for the fish processing and aquaculture industries. Initiatives, which have resulted from this committee, include the Housing Needs Assessment for Charlotte County and the Aquaculture Internship Program. During the past year an application to the strategic community investment fund (SCIF) was made through the ACOA regional office in Saint John.

The Aquaculture Internship Program is a project that has been driven by the committee partners in the 2nd year of the program and includes School District 10, NBCC – St. Andrews, Training and Employment Development, and the aquaculture industry. The program is a one-semester course with 12 students in Fundy High School and 12 students in St. Stephen High. The students are supervised by District 10 teachers and taught by community college instructors. This pilot project is being viewed, as a "home-grown" solution to the industry's human resource needs.

Self Employment Benefit Information Sessions

In association with the YMCA-YWCA, monthly information sessions on the SEB program are presented every 2nd Tuesday. During the year, **12** sessions were held and a total of **84** persons attended.

Business Retention and Expansion Program - Hampton

The Hampton Chamber of Commerce initiated the Business Retention and Expansion Program with principal funding from TED, ACOA and a number of other participants including Fundy Region Development Commission.

The final Report was completed in the spring of 2002 and provides the community with a series of business concern.

Directly resulting from a BRE Survey was a request for information on government programs by a number of Business owners. As a result, an information session coordinated by the Fundy Region Development Commission with government representatives from the community is scheduled for May 2002.

Kings County Tourism Adjustment Committee

The Kings County Tourism Initiative completed the major element in June 2001 with a final report by the coordinator – Lou Cuppens. Funding for this project came from ACOA, TED and the FRDC (Project 1.3 Funds) as well as the municipal members. Recommendations were prioritized and delivered with many currently being developed.

5.2 SPECIAL EVENTS

MLA's Sussex Community Economic Development Conference

FRDC in partnership with Doug Cosman-MLA organized a Sussex Community Economic conference on April 6, 2001. The event received particial funding from BNB, and provided an opportunity for 25 business and municipal leaders from the Sussex area to discuss the future "Direction of the Region". Dr. Allan Steeves of Carleton University, in Ottawa made a special presentation on the "Demographic trends in rural New Brunswick".

The 2nd Annual Sussex Community Economic conference was presented on March 18, 2002, acting in partnership with the MLA-Doug Cosman. 50 local business people attended representing the key industry sectors of the area – Agriculture, Tourism, Manufacturing and Retail. At the end of the one-day seminar, a series of "Action Objectives" were tabled for the specific industries and for the Community. Partial funding was received from the Regional Development Corporation.

Hosted Tour of Charlotte County for the staff of Investment & Export

Fundy Region Development Commission staff gave Investment & Exports staff a tour of Charlotte County. In St. Stephen the town manager and the business development officer gave an overview of the St. Stephen Business Park. In St. George, town manager provided an overview of the Business Park and economic development in the area. The tour included a drive thru of the Blacks Harbour and the Connors plant and a tour of St. Andrews. A luncheon was held in St. Andrews and attended by the FRDC Chairman, municipal managers and officers from Investment & Exports and Commission staff.

Fundy Region Tourism Conference

The Charlotte County office is managing and coordinating the FRDC Tourism Conference. Planning started in November 2001, by the end of March 2002, a $33,000.00 budget was in place and the conference was set for April 23, 2002. The purpose of the conference is to attract 100 tourism operators from around the region to take part in educational sessions and to network with colleagues. It is anticipated that registration will exceed over 130. Major partners for the event include Training and Employment Development, ACOA and the Fairmont Algonquin.

6.0 TRAINING/WORKSHOP/ SEMINAR

Staff attended the following workshops and training sessions as part of their career professional development

- Tourism programs for 2002- presented by ACOA and BNB
- Business Development Corporation Training in Saint John
- CED Symposium titled "Dynamic Community Leadership-Key to Economic Prosperity" held at the Rodd Miramichi River Hotel, Miramichi, NB
- Atlantic Innovation Fund Training given by ACOA at the University of NB in Saint John
- EDAC's Annual 33rd Professional Development Conference held in Moncton
- Saint John Joint Venture – ACOA
- CBSC – Fredericton Information updates
- Kings East – MLA's Sussex Community Economic Development Conferences

7.0 FINANCIAL STATEMENTS

April 1, 2001 – March 31, 2002

FUNDY REGION DEVELOPMENT COMMISSION INC.

FINANCIAL STATEMENTS

AUDITED

MARCH 31, 2002

Allen & Eisner

Accounting & Management Group

FUNDY REGION DEVELOPMENT COMMISSION INC.

MARCH 31, 2002

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AUDITOR'S REPORT

To the Board of Fundy Region Development Commission Inc.

We have examined the General, Capital and Reserve Fund Balance Sheets of Fundy Region Development Commission Inc. as at March 31, 2002 and the Statements of Revenue and Expenditures as well as the Statements of Cash Flows for the year then ended.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation.

In our opinion, these financial statements present fairly the financial position of Fundy Region Development Commission Inc. as at March 31, 2002 and the results of its activities for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except as disclosed in the following Notes to the Financial Statements.

Allen & Eisner

Sussex, New Brunswick
May 29, 2002

ALLEN & EISNER
ACCOUNTING & MANAGEMENT GROUP
CERTIFIED GENERAL ACCOUNTANTS

FUNDY REGION DEVELOPMENT COMMISSION INC.
GENERAL FUND
BALANCE SHEET
AUDITED
AS AT MARCH 31, 2002

	2002	2001
ASSETS		
Current		
Cash	$ 44,095	$ 4,048
Accounts Receivable (Note 4)	46,006	2,021
Prepaid Expenses	590	228
	$ 90,691	$ 6,297
LIABILITIES AND EQUITY		
Current		
Accounts Payable and Accrued Liabilities	$ 9,487	$ 7,650
Due to Reserve Fund (Note 12)	80,608	-
	90,095	7,650
Equity		
Surplus	596	(1,353)
	$ 90,691	$ 6,297

APPROVED ON BEHALF OF THE BOARD

Director

Director

SEE ACCOMPANYING NOTES
SUBJECT TO AUDIT REPORT DATED MAY 19, 2002

FUNDY REGION DEVELOPMENT COMMISSION INC.
CAPITAL FUND
BALANCE SHEET
AUDITED
AS AT MARCH 31, 2002

	2002	2001
ASSETS		
Capital Assets (Note 5)	$ 36,157	$ 22,724
LIABILITIES AND EQUITY		
Equity		
Surplus	$ 36,157	$ 22,724

APPROVED ON BEHALF OF THE BOARD:

Director

Director

SEE ACCOMPANYING NOTES
SUBJECT TO AUDIT REPORT DATED MAY 19, 2002

FUNDY REGION DEVELOPMENT COMMISSION INC.
RESERVE FUND
BALANCE SHEET
AUDITED
AS AT MARCH 31, 2002

	2002	2001
ASSETS		
Cash	$ 894	$ 80,534
Receivable from General Fund (Note 12)	80,608	-
	$ 81,502	$ 80,534
LIABILITIES AND EQUITY		
Equity		
Surplus	$ 81,502	$ 80,534

APPROVED ON BEHALF OF THE BOARD:

Director

Director

SEE ACCOMPANYING NOTES
SUBJECT TO AUDIT REPORT DATED MAY 19, 2002

FUNDY REGION DEVELOPMENT COMMISSION INC.
GENERAL FUND
STATEMENT OF RECEIPTS, EXPENDITURES AND SURPLUS
AUDITED
YEAR ENDED MARCH 31, 2002

	2002	2001
Receipts		
Cooperation Agreement	$ 227,918	$ 221,393
Municipal Members (Note 6)	14,203	13,149
Special Projects	13,462	30,413
Summer Career Program	4,448	3,574
Interest Income	1,117	1,721
Other	269	-
Transfer from Reserve Fund	100	-
	261,517	270,250
Expenditures		
Salaries and Benefits	164,634	128,881
Special Projects	13,000	44,354
Telephone and Postage	10,918	11,242
Office Occupancy	9,796	9,855
Travel	12,964	8,769
Professional Fees	4,739	7,476
Directors' Expenses	4,428	4,734
Office Supplies	10,583	4,593
Promotion	7,414	3,083
Insurance	1,695	1,875
Maintenance	1,587	-
Training and Development	1,177	1,124
Subscriptions and Association	1,734	933
Bank Charges	773	760
Other	693	269
Transfer to Reserve Fund	-	35,520
Transfer to Capital Fund	13,433	217
	259,568	263,685
Surplus (Deficit)	1,949	6,565
Surplus, Beginning of Year	(1,353)	(7,918)
Surplus (Deficit), End of Year	$ 596	$ (1,353)

SEE ACCOMPANYING NOTES
SUBJECT TO AUDIT REPORT DATED MAY 19, 2002

FUNDY REGION DEVELOPMENT COMMISSION INC.
CAPITAL FUND
STATEMENT OF RECEIPTS AND SURPLUS
AUDITED
YEAR ENDED MARCH 31, 2002

	2002	2001
Receipts		
Transfer from General Fund	$ 13,433	$ 217
Surplus, Beginning of Year	22,724	22,507
Surplus, End of Year	$ 36,157	$ 22,724

SEE ACCOMPANYING NOTES
SUBJECT TO AUDIT REPORT DATED MAY 19, 2002

FUNDY REGION DEVELOPMENT COMMISSION INC.
RESERVE FUND
STATEMENT OF RECEIPTS, EXPENDITURES AND SURPLUS
AUDITED
YEAR ENDED MARCH 31, 2002

	2002	2001
Receipts		
Transfer from Operating Fund	$ -	$ 59,464
Interest Income	1,068	4,142
	1,068	63,606
Expenditures		
Salaries and Benefits	-	9,429
Telephone and Postage	-	338
Office Occupancy	-	290
Professional Fees	-	2,709
Insurance	-	119
Subscriptions and Associations	-	270
Vehicle Maintenance	-	144
Severance Payment	-	26,667
Town of Sussex	-	22,784
Write-off of Book Value of Vehicle	-	22,464
Transfer to General Fund	100	-
	100	85,214
Surplus	968	(21,608)
Surplus, Beginning of Year	80,534	102,142
Surplus, End of Year	$ 81,502	$ 80,534

SEE ACCOMPANYING NOTES
SUBJECT TO AUDIT REPORT DATED MAY 19, 2002

FUNDY REGION DEVELOPMENT COMMISSION INC.
GENERAL FUND
STATEMENT OF CASH FLOW
AUDITED
YEAR ENDED MARCH 31, 2002

	2002
Cash Provided By (Used In)	
Operating Activities	
Working capital from operations	
Surplus(Deficit)	$ 1,949
Net change in non-working capital balances:	
Accounts Receivable	(43,985)
Accounts Payable	1,837
Prepaid Expenses	(362)
	(40,561)
Financing Activities	
Advances from Reserve Fund	80,608
Increase (Decrease) In Cash	40,047
Cash, Beginning of Year	4,048
Cash, End of Year	$ 44,095

SEE ACCOMPANYING NOTES
SUBJECT TO AUDIT REPORT DATED MAY 19, 2002

FUNDY REGION DEVELOPMENT COMMISSION INC.
CAPITAL FUND
STATEMENT OF CASH FLOW
AUDITED
YEAR ENDED MARCH 31, 2002

Cash Provided By (Used In)	2002
Operating Activities	
Working capital from operations Surplus	$ 13,433
Investing Activities	
Purchase of Capital Assets	13,433
Increase In Cash	-
Cash, beginning of year	-
Cash, end of year	$ -

SEE ACCOMPANYING NOTES
SUBJECT TO REVIEW AUDIT REPORT DATED MAY 19, 2002

FUNDY REGION DEVELOPMENT COMMISSION INC.
RESERVE FUND
STATEMENT OF CASH FLOW
AUDITED
YEAR ENDED MARCH 31, 2002

Cash Provided By (Used In)	**2002**
Operating Activities	
Working capital from operations Surplus	$ 968
Investing Activities	
Advances to General Fund	(80,608)
Increase In Cash	(79,640)
Cash, beginning of year	80,534
Cash, end of year	$ 894

SEE ACCOMPANYING NOTES
SUBJECT TO REVIEW AUDIT REPORT DATED MAY 19, 2002

1. **Nature of the Business**

The Fundy Region Development Commission Inc. is incorporated, without share capital, under the laws of the Province of New Brunswick. The mandate of Fundy Region Development Commission Inc. is to foster economic development in all sectors of the economy for rural Charlotte, Kings and St. John Counties. The Commission works with entrepreneurs and all levels of government to encourage and assist in the establishment of new businesses, to help business grow, and to reinforce the local economic mix by attracting new business from outside the Region.

2. **Summary of Significant Accounting Policies**

(a) Provincial Requirements

The financial statements have been prepared in conformance, in all material respects, to the accounting principles prescribed for New Brunswick municipalities by the Department of Municipalities, Culture and Housing.

(b) Fund Accounting

The financial statements are presented in accordance with the principles of fund accounting. This method ensures the observance of the limitations and restrictions placed on the use of resources available to the Commission. Each fund is held in accordance with the objectives specified by the donors or with the directives issued by the Board of Directors. Transfers between the Funds are authorized by the Board of Directors.

(c) Revenue and Expenditure Recognition

Revenues and expenditures are recorded on an accrual basis. Outstanding commitments for goods and services relating to the current year are accrued at the balance sheet date.

3. **Explanation of Funds**

(a) General Fund

The General Fund accounts for the operations activities of the Commission. This Fund reports unrestricted resources available for immediate purposes.

(b) Capital Fund

This fund is used to track capital acquisitions. These capital assets include: computer hardware, furniture and equipment; however, the Commission does not own land or buildings. Furthermore, amortization is not recorded for these assets.

(c) Reserve Fund

The Reserve Fund reports, as revenue, resources that are to be used for specific purposes as specified by the Board of Directors and, as expenses, the use of these resources for the specified purposes.

4. **Accounts Receivable**

Operations	**2002**
ACOA Funding	$ 36,436
HST Receivable	5,744
Grants Receivable	3,246
Other	580
	$ 46,006

5. **Capital Assets**

	2002	**2001**
Office Equipment and Furniture	$ 16,803	$ 11,226
Computer Hardware	19,354	11,498
	$ 36,157	$ 22,724

6. Municipal Members' Revenue

The Province of New Brunswick, through Business New Brunswick, and the participating municipalities provide operating funds to the Commission based on the approved budgeted expenditures of the Commission. Participating municipalities and their contributions follow:

Municipality	2002	2001
Blacks Harbour	$ 1,150	$ -
Grand Manan	2,577	2,577
Norton	1,390	1,390
St. Andrews	1,752	1,752
St. George	1,414	1,414
St. Martins	290	386
Sussex	4,293	4,293
Sussex Corner	1,337	1,337
	$ 14,203	$ 13,149

7. Lease Commitment

The Commission has entered into two agreements to lease their premises, one in Sussex and the other in St. Andrews for a total minimum annual charge of $13,787. In the case of the Sussex office, the Commission is reimbursed half the rent ($4,270) for shared office space. The lease at the Sussex office is month to month and the lease in St. Andrews is for five years, ending 2004.

8. **Severance Payment**

During the 2001 fiscal year, the Commission reached an agreement on the severance package for the former general manager. This package included the transfer of a vehicle from the capital fund and four months salary. The remaining vehicle book value was transferred to the reserve fund from the capital fund and written off. Other unbudgeted expenses for the year relating to the former general manager were taken out of the reserve fund.

Salary	$ 22,667
Value of vehicle transferred from Capital Fund	4,000
	$ 26,667

9. **Payment to Town of Sussex**

During the 2001 fiscal year, a payment was made to the Town of Sussex representing the proceeds received from the sale of lots in the Sussex Industrial Park from 1981 to 2000, less development expenses in the Fundy Region's industrial parks for the same period, plus interest earned on those funds since 1981. These funds are to be used for the continued development of the Industrial Park and the FRDC believes that the Town is in the best position to effectively use these funds for that purpose.

10. **Comparative Results**

Results from the prior year are presented as provided by Ernst & Young LLP Chartered Accountants. Prior year figures are not displayed where the financial statement user would be misled for comparative purposes.

11. **Change in Accounting Policy**

The Commission has changed its method of accounting for capital assets. In the past, furniture and equipment have been expensed as the expenditures were incurred. For the 2002 fiscal year, it was the decision of the Commission to record all furniture, equipment and computer hardware at its cost value in the Capital Fund to reflect the long-term benefit derived from these assets. The financial results for the 2001 fiscal year have been retroactively stated to reflect this change in accounting policy.

12. **Interfund Payable/Receivable**

During the 2002 fiscal year, the Reserve Fund provided $10,608 to the General Fund for equipment purchases. This amount is to be repaid by the General Fund as funds become available, therefore, this amount has been included in the Interfund Payable/Receivable Account between the General and Reserve Funds respectively.